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MINING & MINERALS DIVISION

**PERMIT NO. SF038EM
CORELIS EXPLORATION PROJECT
MINIMAL IMPACT EXPLORATION PROJECT**

**MINING AND MINERALS DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

Permit No. SF038EM (“Permit”) is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

DNA Enterprise Services, LLC
9640 Iron Rock Dr. NW
Albuquerque, NM 87114

(“Permittee”) for the Corelis Exploration Project, located in Township 12 North, Range 7 East, Sections 21 and 22, in Santa Fe County, New Mexico.

Section 1. STATUTES AND REGULATIONS

- A. This Permit is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 2017).
- B. This Permit is subject to all applicable regulations of the New Mexico Mining Act (“Act”), New Mexico Mining Act Rules (“Rules”; §19.10.1 New Mexico Administrative Code (“NMAC”) through §19.10.14 NMAC) and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

Section 2. PERMIT APPLICATION PACKAGE

The minimal impact exploration Permit Application Package (“PAP”) for SF038EM was received by MMD on May 23, 2018 and deemed administratively complete on May 24, 2018. Any correspondence subsequently submitted to MMD, by the Permittees or its representatives, can be found at MMD offices within the Division’s files, and is titled *Corelis Exploration Project SF038EM* or similar.

The PAP is comprised of the following documents:

- A. *Subpart 3 Minimal Impact Exploration Permit Application* (“Application”), received by MMD on May 23, 2018, without the application fee, which was subsequently received on May 24, 2018. The Application proposes exploration for gold, silver, and copper minerals through excavation of test pits and exploratory trenches.
- B. Financial assurance in the amount of \$10,409.00 in the form of Certificate of Deposit Number 6395264325, issued on February 19, 2019, by Wells Fargo of Albuquerque.

Section 3. **PERMIT AREA**

- A. The Permittees are authorized to conduct mineral exploration and reclamation operations only on those lands that are specifically designated and authorized within the permitted area (“Permit Area”).
- B. For this Permit, the Permit Area is defined as no more than approximately 1.29 acres of total surface disturbance limited to the San Pedro #3 mining claim (NMMC74719), Old Coming Frazion mining claim (NMMC74724) and approximately 622 feet of access road to the San Pedro #3 mining claim where approximately three (3) feet of widening is proposed.

Section 4. **FINDINGS OF FACT**

The Permit Application Package

- A. The PAP is complete and demonstrates that the proposed operation will meet the performance and reclamation standards and requirements of §19.10.3.302.D NMAC.
- B. The PAP provides that the proposed operation meets the standards of a “Minimal impact mining operation,” addressed in §19.10.1.7.M(2) NMAC and in §19.10.3.302 NMAC, and does not fall within the exclusions in §19.10.1.7.M(2) NMAC. MMD and the other agencies, pursuant to §19.10.3.302.G NMAC, reviewed the minimal impact designation.
- C. The Permittees have paid the initial permit application fee of \$500.00 as required by §19.10.2.201.F NMAC.
- D. The proposed operation and reclamation, as described in the PAP and this Permit, will meet the requirements of reclamation, as identified in §19.10.1.7.R(1) NMAC of the New Mexico Mining Act Rules. The reclamation plan, subject to the conditions of the Permit, demonstrates that the reclamation of the disturbed areas within the Permit Area will result in a condition that allows for the establishment of a self-sustaining ecosystem on the Permit Area that is appropriate for the life zone of the surrounding areas.
- E. The term of the permit is governed by Subsections A, C and D of §19.10.4.405 NMAC. The permit term shall be one year from the date of the Director’s signature on this Permit.

Right-To-Enter / Property Access Information

- F. The Permit does not grant or create any property rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the surface or mineral rights that the Permittees may or may not have in the area covered by the Permit; only that the Permittees have provided a statement of basis on which the Permittees have a right to enter the property to conduct exploration and reclamation. The Permittees are solely responsible to take

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whatever steps are necessary to ensure that the Permittees have property rights sufficient to support the activities contemplated by the Permit.

- G. The surface and mineral estate is managed by the BLM. A Notice of Intent was submitted by Permittees to BLM on December 3, 2017. BLM accepted the determination of required financial guarantee amount in a letter dated February 6, 2018.

General Information Regarding the Permittees

- H. The Permittees are not in violation of the terms of another permit issued by the Director or in violation of a substantial environmental law or substantive regulation at another mining operation, has not forfeited or had forfeited financial assurance in connection with another mining, reclamation or exploration permit, and has not demonstrated a pattern of willful violations of the Act or other New Mexico environmental statutes.
- I. The Permittees have signed and certified a statement that the Permittees agree to comply with the requirements of the Permit, the Rules, and the Act, and allows the Director to enter the Permit Area for the purpose of conducting inspections.

MMD's Request for Comments to the Agencies and Tribes

- J. MMD provided the cooperating agencies (New Mexico Environment Department, Department of Game and Fish, State Forestry Division, State Historic Preservation Office, Office of the State Engineer, and BLM) with a copy of the PAP and requested comments from the agencies on May 24, 2018.
- K. MMD provided Santa Fe County Building and Development Services with a copy of the PAP and requested comments on May 24, 2018. No written comments were received.
- L. MMD provided the PAP to the following tribal entities and requested review and comment: Cochiti Pueblo, Comanche Nation of Oklahoma, Hopi Tribe, Isleta Pueblo, Jicarilla Apache Tribe, Kiowa Tribe of Oklahoma, Navajo Nation, Ohkay Owingeh Pueblo, Pueblo of Nambe, Pueblo of Pojoaque, Pueblo of San Ildefonso, Pueblo of Sandia, Pueblo of Santa Clara, Pueblo of Santo Domingo, and Pueblo of Tesuque.
- M. MMD provided the Permittees with comments provided by the cooperating agencies on September 10, 2018, through electronic mail.

Financial Assurance

- N. The Permittees have provided financial assurance ("FA"), in accordance with §19.10.12.1201.A NMAC, in the amount of \$10,409.00, in the form of Certificate of Deposit Number 6395264325, issued on February 19, 2019, by Wells Fargo of Albuquerque.

Section 5. **COMPLIANCE REQUIREMENTS**

- A. This Permit is issued pursuant to NMSA 1978, Section 69-36-1 et. seq. and Title 19, Chapter 10 NMAC. Permittees may be required to comply with other Federal, State, County or Local laws or ordinances before or while undertaking the activity that is the subject of this Permit. MMD does not, by issuing this Permit or otherwise, make any comment on Permittee's compliance with such other laws. It is Permittee's sole responsibility to investigate and comply with the requirements of such other laws.
- B. The issuance of this Permit does not relieve Permittees from the responsibility of complying with other state and federal requirements and standards, but not limited to, obtaining all necessary approvals from the BLM prior to conducting exploration activities on Federal Lands. Since the Permit Area is on Federal Lands, the expiration, or termination, of the BLM's authorization to conduct operations on the property automatically suspends the Permittee's authority to continue exploration operations on the property. Such suspension does not include reclamation operations by the Permit issued under §19.10.3 NMAC.
- C. The Permit does not grant or create any water rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the water rights that the Permittees may or may not have available for use in the area covered by the Permit. Permittees are solely responsible and obligated to comply with all state and federal laws related to water rights sufficient to support the activities contemplated by the Permit.

Section 6. **AGENCY RIGHT OF ENTRY**

- A. The Permittees shall allow the authorized representatives of the Director, without advanced notice, upon presentation of appropriate credentials, and without delay:
 - 1. To enter upon, or through, any mineral exploration or reclamation operation at any time, as provided for in §19.10.3.302.I(3) NMAC, for the purpose of conducting inspections during exploration, and reclamation, and to determine if the Permittees are in compliance with the Permit requirements and conditions; and
 - 2. At reasonable times, and without delay, have access to and copies of any records associated with permitting and compliance required by the Act, §19.10 NMAC or the Permit.

Section 7. **PERMIT COVERAGE**

- A. This Permit shall be binding on any person or persons conducting mining, exploration and reclamation operations under this Permit.

Section 8. **ENVIRONMENTAL COVERAGE**

- A. The Permittees shall take all necessary steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the Permit, the Rules or the Act.

Section 9. **COMPLIANCE WITH THE PERMIT APPLICATION PACKAGE**

- A. The Permittees shall conduct mining, exploration and reclamation operations only as described in the approved PAP and any other modifications approved by the Director pursuant to §19.10.4.406 NMAC. The Permittees shall comply with any and all conditions that are incorporated in the PAP.
- B. Where the PAP is ambiguous or in apparent conflict with the provisions outlined in this Permit, the language of this Permit will supersede the PAP.

Section 10. **GENERAL OBLIGATIONS AND CONDITIONS**

Description of Project / Authorized Disturbances

- A. The Permittees are authorized to excavate a maximum of 1,000 cubic yards of material within the Permit Area.
- B. Widening of the access road to the San Pedro #3 claim by approximately three (3) feet is authorized with the length not to exceed approximately 622 feet. Exploration locations will be accessed via existing unimproved roads.
- C. The Permittees are authorized to disturb up to a maximum of 1.29 total cumulative acres within the Permit Area. This acreage amount includes all disturbances within the Permit Area and the widening of the access road to the San Pedro #3 mining claim.
- D. No new roads shall be constructed.

Best Management Practices to be Performed

- E. The Permittees shall leave all disturbances in a manner that is stable, both long term and short term, and non-hazardous to humans and wildlife. The preliminary reclamation plan for the site is generally described in Section 7 of the PAP for SF038EM and within this Permit.
- F. The Permittees shall implement erosion control measures or Best Management Practices (“BMP’s”) that are designed, constructed and maintained using professionally recognized standards (e.g., Natural Resource Conservation Service standards or the BLM Gold Book) for surface disturbances during the exploration project and reclamation activities as needed for erosion control, spill prevention and the avoidance or damage to ephemeral stream channels in the area. Placement of water bar structures or other appropriate measures

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should be taken to reduce head-cutting adjacent to roads and to prevent roadways from channelizing surface flow.

- G. A minimum setback of 100 feet, from any watercourse within the area is recommended. (Watercourse means any channel having definable beds and banks capable of conducting generally confined runoff from adjacent lands. During floods water may leave the confining beds and banks but under normal flows water is confined within the channel. A watercourse may be perennial, intermittent, or ephemeral.)
- H. No excavation and no storage of fuels or chemicals shall take place within any watercourse that is in the Permit Area. No excavation or filling shall take place within any watercourse until the required permits or consultations are obtained from the U.S. Army Corps. of Engineers.
- I. Appropriate spill clean-up materials such as absorbent pads must be available on-site at all times during road construction, site preparations, and drilling activities to address potential spills.
- J. The Permittees shall report all spills immediately to the New Mexico Environment Department (“NMED”) as required by the New Mexico Water Quality Control Commission regulations §20.6.2.1203 NMAC. For non-emergencies during normal business hours, call (505) 476-6000. For non-emergencies after hours, call (866) 428-6535 or (505) 428-6535 (voicemail, 24 hrs. /day). For emergencies only, call (505) 827-9329 24 hrs. /day to contact the New Mexico Department of Public Safety.
- K. Any water and/or fluids produced from the exploration, shall be contained entirely within aboveground storage tanks at all times. Aboveground tanks shall be sized to contain the calculated volume of cuttings and any produced water, while still providing a substantial freeboard or emergency storage capacity. Discharge of this water, or any drilling fluids, to the ground surface or to an ephemeral watercourse (Waters of the U.S.), may be a violation of the Clean Water Act and is prohibited.
- L. The Permittees should ensure that stormwater entering the Permit Area (“run-on”) is diverted from waste storage piles and should place piles uphill of excavations when possible.
- M. The Permittees should design and construct containment systems capable of retaining stormwater running off the Permit Area during precipitation events. The containment system should be sufficient in size to contain stormwater generated within its catchment area from 100-year, 3-day storm even or less.
- N. All heavy equipment to be used within the Permit Area should be thoroughly pressure washed and/or steam cleaned prior to introducing any equipment into the Permit Area in order to help prevent the introduction of non-native species to the Permit Area. This cleaning shall remove all soil, seed, vegetative matter or other debris that could contain or

hold seed or plant parts. Any heavy equipment that subsequently operates outside this Permit Area shall be treated the same as during the initial mobilization onto the Permit Area.

Cultural and Paleontological Resource Preservation Requirements

- O. The Permittees are obligated to comply with procedures established in Section 18-6-11.2 of the Cultural Properties Act, NMSA and §4.10.11 NMAC to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the Permittees shall immediately halt the disturbance and contact the Office of the Medical Investigator and the local law enforcement agency pursuant to Section 18-6-11.2 of the Cultural Properties Act and the Department of Cultural Affairs within 24 hours for instructions. The Permittees shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the Department of Cultural Affairs in consultation with Indian Tribes.

Reclamation and Revegetation Requirements

- P. Pursuant to §19.10.3.302.K NMAC, all lands, including access roads or terrain damaged in gaining access to or clearing the site, or lands whose natural state has been substantially disturbed as a result of the exploration, shall be restored as nearly as possible to their original condition. Where vegetation has been removed or destroyed within the Permit Area, vegetative cover shall be reestablished by seeding, planting, transplanting, or other adequate methods as determined by MMD.
- Q. All areas where vegetation is disturbed shall be seeded by broadcast methods utilizing the seed mix and application rates provided in the PAP for SF038EM or as otherwise approved by BLM. The seed mixture shall be sown through broadcasting immediately after reclamation while the soil surface is still friable, or if sown after rains have sealed the surface, the seed shall be raked into the soil.
- R. Following the re-vegetation and restoration activities, monitoring shall be conducted by the Permittees to assure successful establishment of vegetation and stabilization of the site. Re-vegetated areas that have not become established, with an acceptable level of plant cover, by the end of the growing season will be mitigated by reseeding, mulching, grading, and/or application of water-bars, or other BMPs, to prevent erosion and site degradation.
- S. All lands to be disturbed shall be addressed under the performance and reclamation standards and requirements of §19.10.3.302 NMAC and in accordance with the reclamation plan provided in the PAP and this Permit. The Permittees are obligated to complete reclamation of all disturbed areas upon completion of exploration activities.

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- T. Notwithstanding any other provision of this Permit, the Permittees shall close and abandon all exploratory trenches within one (1) year of date of Permit issuance, unless the Permittees have received a renewal for an exploration operation, pursuant to §19.10.4.405 of the New Mexico Mining Act Rules.
- U. The Permittees shall notify MMD at least 30 days prior to initiating any reclamation approved pursuant to this Permit.
- V. The Permittees shall submit a termination report pursuant to §19.10.4.407 NMAC at the conclusion of exploration, unless the Permittees have applied for a mining operation permit.

Changes, Modifications, or Revisions to the Permit

- W. Any changes, modifications or amendments to the approved Permit must be approved prior to implementation.

Financial Assurance

- X. The Permittees shall maintain FA, after approval of this Permit, in the approved amount of \$10,409.00 using one or more approved FA instruments and until released, pursuant to Part 12 of the Rules and sufficient to cover third-party costs for site reclamation.

Section 11. **CONCLUSIONS OF LAW**

- A. The Director concludes the application meets the requirements of a “Minimal Impact Mining Operation,” addressed in §19.10.1.7.M(2) NMAC. The operation authorized by this Permit is eligible as a minimal impact operation, and the Permittees are authorized to operate a minimal impact exploration operation, pursuant to §19.10.1.7.M(2) NMAC and §19.10.3.302.A NMAC.
- B. The PAP is complete, accurate and complies with the requirements of the Act and §19.10.3.302 NMAC.
- C. The Director has jurisdiction over the Permittees and the subject matter of this Permit and process.
- D. The Permittees are permitted to conduct exploration and reclamation operations within the Permit Area upon the condition that the Permittees comply with the requirements of the Rules, Act, and this Permit, and upon the submission of such termination reports and fees as may be required under §19.10.3 NMAC and §19.10.2 NMAC.

CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit. I further certify that I am not in violation of the Act or §19.10 NMAC. I also agree to comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, and allow the Director to enter the Permit Area without delay for the purpose of conducting inspections during exploration and reclamation.

David F. Corelis

Authorized Representative of the Permittee

Manager

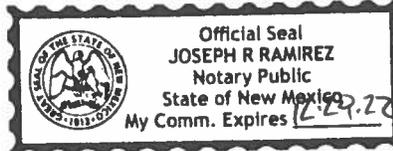
Title

DNA Enterprise Services LLC

Company

Subscribed and sworn to before me this 7th day of March, 2019

Joseph R. Ramirez
Notary Public



My Commission Expires

12.29, 2022

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that Permit No. SF038EM, for exploration and reclamation operations for the Corelis Exploration Project in Santa Fe County, New Mexico, is approved. The Permit shall not be transferred without approval by the Director. The Permit is subject to all conditions set out in the Director's Findings of Fact, Conditions and Conclusions of Law, and is valid for one (1) year from the date of the Director's signature.

By Order of the Director, Mining and Minerals Division, Energy, Minerals and Natural Resources Department, of the State of New Mexico.

By: 

Fernando Martinez, Director
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

Date: 3/11/2019